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ACCELERATED MICROENTERPRISE ADVANCEMENT PROJECT (AMAP) FINANCIAL SERVICES IQC

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Malawi DMS helps MFI achieve record-breaking performance

DMS' technical assistance to Opportunity International Bank of Malawi (OIBM) enabled the MFI to set new records in five out of six performance indicators during 2006's third quarter. This quarter, DMS' support to OIBM consisted of sponsoring a variety of capacity building training sessions. The training sessions have enabled OIBM to improve its customer service to its clients, giving OIBM a strong edge over its competition. The DMS training also contributed to a 74% increase in the total number of loans it disbursed this quarter. In addition, the total value of loans disbursed was \$886,413 (122,285,105 Malawian kwacha) higher than in the previous quarter. Furthermore, DMS' technical assistance is facilitating the continued professional development of OIBM's employees. For example, DMS co-sponsored two HR managers to attend Opportunity International's leadership forum in Johannesburg, South Africa. The two managers reported that the knowledge gained at the forum is helping them to clarify job descriptions and provide department managers with a performance measurement tool to monitor and give feedback to subordinates.

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Refugee and post-conflict microfinance

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echange, L.L.C.
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DMS Maps PRIDE's Path to Effectiveness

PRIDE Malawi used knowledge gained from a DMS-sponsored training to complete five operations process maps, including micro enterprise committee (MEC) formation, MEC meeting management, loan processing, default management, and new staff orientation. The completion of these five maps will play a critical role in improving PRIDE's operations in a number of ways. First, it will allow the standardization of PRIDE's credit operations process flows across the MFI's branches and regions. Second, it will provide precise direction to staff during credit operations training and the updating of procedure manuals. Third, it will provide a sound monitoring tool for policy compliance.

In addition to reducing misinterpretations of institutional policies, the process maps will enable PRIDE to identify and correct operational inefficiencies. Each map includes three views of the operational process—the current implementation, how it should be implemented if existing procedures are followed, and how it would look if adjusted for maximum effectiveness and efficiency.

Since developing the maps, PRIDE has used them to train new loan officers. It has also piloted the use of the maps at one branch office in each of its three regions to retrain existing staff on correct

operating procedures. PRIDE plans to expose all of its branches to these maps in the coming six months. Based on the positive response to the maps, several of PRIDE's departments, including the credit department, have been encouraged to map their processes. DMS will continue supporting the work on an as-needed basis.

DMS hosts first-of-a-kind Marketing Workshop in Malawi

During this quarter DMS' support to Malawi Microenterprise Network (MAMN) consisted of a first-of-a-kind Strategic Marketing Workshop. More than 30 participants, including consultants and representatives from MFIs and government ministries, attended the three-day workshop, which was held at the National Bank Training College in Blantyre, Malawi from May 16 through 18, 2006. This was the first time MAMN charged for courses that it had marketed to its members. MAMN was extremely pleased with the result and now plans to schedule additional similar workshops. MAMN plans to use the \$2,826.09 (390,000 Malawian kwacha) worth of workshop fess to help support its operations.

Workshop discussions focused on the importance of market-driven approaches to financial services, corporate branding and identity, product strategy and delivery, and customer service strategy. At the end of the workshop, participants put together an action plan to help guide the development of their institutional strategic marketing plans. Participants reported that the course was very good, and at least six organizations indicated that they would like to have a similar course held in-house.

DMS Leverages EU funds to Boost Malawi's Coffee and Tea Sectors

During this quarter DMS and an EU-funded task force within the Malawi Ministry of Agriculture co-financed a study that quantified the nature of credit supply and demand in Malawi's tea and

coffee sectors. The study will help financial service providers identify market opportunities, allowing them to develop demand-driven products and increase financing flows to value chain actors. The end result could be an increase in productivity, employment, and wealth creation within the sectors' value chains.

The tea and coffee sector study was a result of a DMS-sponsored RAF Workshop adapted from USAID's training material for internal staff. More than 25 value chain actors from the cotton, tea, and coffee sectors attended the three-day workshop, which was held in Blantyre from May 8 through 10 of 2006.

Using financial sector and value chain approaches, the workshop focused on market analysis. During the workshop participants developed value chain diagrams that identified the actors in each chain, how they related to one another, and profiled the financial service needs at each level of the chains.

Haiti DCA Supports Financial Institutions' Development

During this quarter the Haiti DCA program designed a credit systems review for SOFIHDES. The program team is currently preparing to conduct the review in late August and September. In addition, the Haiti DCA has worked with SOFIHDES on the recruitment of two long-term positions in the credit department, which are slated to be filled by mid-August.

The Haiti DCA's team also continued to work with Sogesol to develop the SOW for a review of Sogesol's operational systems. The review aims to improve all back office operations manuals, including manuals for human resources, policy and procedures, internal controls and MIS. The program team is currently preparing to conduct this assignment in August and September.

Knowledge Generation Evaluates Public and Private Capital in Mexico

As part of a rural and agricultural finance workshop, Research Director of Transition to Private Capital Marc de Sousa-Shields developed and delivered a module on access to private capital in Mexico. Approximately 23 participants, including MFIs and PVOs such as WOCCU and FINCA, attended the session. A draft research brief presented at the workshop provided a table listing currently available sources of public and private capital in Mexico that could be accessed by non-bank financial institutions to support agricultural and rural finance.

Chemonics AMAP Consortium Contributes to USAID Learning Conference

Chemonics worked closely with AMAP consortium partners and microfinance practitioners to finalize sessions for the USAID Learning Conference held from June 14 through 16, 2006. After participating in dry runs, conference calls, and planning meetings for each session, Chemonics' Consortium presented during several conference sessions, including:

- Youth Inclusive Microfinance: Meeting the Needs and Aspirations of Younger Clients
- MF Sector Development in Post-Conflict Countries: Examining Models for Success
- Value Chain Finance: Analyzing, Understanding & Tapping the Value Chain to Advance Rural & Ag Finance
- Addressing Legal & Regulatory Barriers to Access to Finance: A Policy & Programming Tool
- Microfinance Innovations: Why They Were Created & What They Solve
- Roles & Challenges of PVOs in the Transition to Private Capital
- Managing & Measuring the Social Performance of MFIs

New Task Orders and RFPs

During the quarter, Chemonics' AMAP Consortium worked on preparing a response to a request for a task order proposal (RFTOP) to Support Haiti's Microfinance, Small and Medium Enterprises (SMEs) Sector.

The three-year, \$6 to \$8 million dollar USAID/Haiti task order aims to 1.)build capacity for strong institutions and managers; 2.)improve theenabling environment by supporting necessary policy, legal, and regulatory changes; 3.)promote the development of new products and services that are accessible to all and meet the diverse needs of micro, SMEs and poor households; and 4.)promote economic growth that benefits the poorest households by supporting the access of micro, small, and medium enterprises to new market opportunities.

In line with Haiti's status as a fragile state, the program focuses on creating economic opportunities for female-headed and very poor households, as well as other vulnerable populations, such as people living with HIV/AIDS and out-of-school youth.

The RFTOP was released on March 22, 2006 and date for proposal submissions was April 6, 2006, at 3:30 pm local time. Despite the short turnaround, Chemonics was enthusiastic about the opportunity to support the USAID/Haiti mission in its development of the microfinance and SMEs sector.

Publications

The following publications were approved during this quarter.

- Legal and Regulatory Framework for Access to Finance (LRFAF) Policy and Programming Tool training module
- Note from the Field: Bolivia.
- microNOTE on Russia leasing
- Guidelines for stakeholder interviews to examine microfinance sector development in conflict affected countries

Activities and Accomplishments during the Reporting Period

Table 1. Task Orders Submitted

Title	USAID Mission	Estimated Task Order Amount	Date Submitted	Status of Task Order Award
Support to Haiti's Microfinance, Small and Medium Enterprises (SMES) Sector	USAID/Haiti	\$6.0 - \$8.0 million	April 7, 2006	Pending

Table 2. Task Orders Awarded

Title	USAID Mission	Task Order Amount	Date Awarded	Expected Start Date	Expected End Date
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No task orders were awarded during this quarter.

Table 3. Task Orders Completed

Title	USAID Mission	Task Order Amount	Date Awarded	Start Date	End Date
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No task orders were completed during this quarter.

AMAP/Microfinance IQC Financial Summary

Task Order	Year 1 2002- 2003	Year 2 2003- 2004	Year 3 2004- 2005	Year 4 Oct-Dec 2005	Year 4 Jan-Mar 2006	Year 4 Apr-Jun 2006	TOTAL
Task Order 804: Deepening the Microfinance Sector in Malawi	\$0	\$12,280	\$635,012	\$177,699	\$161,805	\$272,746	\$1,259,542
Task Order 803: Assessment of Village Savings and Loan Associations in Guinea	\$0	\$0	\$163,754	\$0	\$0	\$0	\$163,754
Task Order 801: Malawi Microfinance Sector Assessment	\$0	\$64,762	\$0	\$0	\$0	\$0	\$64,762
Task Order 800: Bolivia RFS Evaluation	\$45,565	\$0	(\$37)	\$0	\$0	\$0	\$45,528
Task Order 03: Technical Assistance in Support of the Haiti DCA Program	\$0	\$0	\$0	\$0	\$84,050	\$13,200	\$97,250
Task Order 01: Knowledge Generation	\$0	\$361,657	\$865,710	\$231,115	\$111,141	\$149,044	\$1,718,667
Total	\$45,565	\$438,699	\$1,664,439	\$408,814	\$356,996	\$434,990	\$3,349,503

This publication was produced for review by the United States Agency for International Development. It was prepared by Chemonics International Inc. in conjunction with AMAP consortium members American Refugee Committee, Bankworld, echange, Enterprising Solutions, IRIS and Shorebank Advisory Services.

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

For more information on the Accelerated Microenterprise Advancement Project Financial Services Component, please visit <http://www.microlinks.org> or contact Scott Kleinberg, Cognizant Technical Officer at skleinberg@usaid.gov or at (202) 712-1598.